

**ASSEMBLY BILL**

**No. 909**

**Introduced by Assembly Member Chavez**

February 18, 2005

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An act to add Section 1345.5 to the Health and Safety Code, and to add Section 10127.17 to the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

AB 909, as introduced, Chavez. Health care coverage.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the regulation of health care service plans by the Department of Managed Health Care, and makes a willful violation of the act a crime. Existing law provides for the regulation of health insurers by the Department of Insurance. Existing law requires a health care service plan and health insurer to give notice of various actions and information to specified parties, including enrollees, insureds, agents, brokers, and providers.

This bill would authorize a health care service plan and health insurer to provide notice, as defined, electronically to an enrollee, insured, agent, broker, or provider, if certain requirements are met.

Because a violation of the bill relating to health care service plans would be a crime, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1345.5 is added to the Health and Safety  
2     Code, to read:  
3     1345.5. (a) Notwithstanding any other provisions of law, a  
4     health care service plan shall be deemed to have fully complied  
5     with any statutory obligations to mail notice to an enrollee, agent,  
6     broker, or provider, if both of the following requirements are  
7     met:  
8     (1) The plan has obtained a written agreement from the  
9     enrollee, agent, broker, or provider to accept electronic  
10    transmission.  
11    (2) The plan provides the electronic transmission of the notice  
12    within the applicable time period consistent with specific  
13    statutory obligation.  
14    (b) For purposes of this section, “notice” includes, but is not  
15    limited to, billing statements, cancellation statements,  
16    commission statements, member plan change notifications, and  
17    rate changes.  
18    SEC. 2. Section 10127.17 is added to the Insurance Code, to  
19    read:  
20    10127.17. (a) Notwithstanding any other provisions of law, a  
21    health insurer shall be deemed to have fully complied with any  
22    statutory obligations to mail notice to an insured, agent, broker,  
23    or provider, if both of the following requirements are met:  
24    (1) The health insurer has obtained a written agreement from  
25    the insured, agent, broker, or provider to accept electronic  
26    transmission.  
27    (2) The insurer provides the electronic transmission of the  
28    notice within the applicable time period, consistent with the  
29    specific statutory obligation.  
30    (b) For purposes of this section, “notice” includes, but is not  
31    limited to, billing statements, cancellation statements,  
32    commission statements, member plan change notifications, and  
33    rate changes.  
34    SEC. 3. No reimbursement is required by this act pursuant to  
35    Section 6 of Article XIII B of the California Constitution because

1 the only costs that may be incurred by a local agency or school  
2 district will be incurred because this act creates a new crime or  
3 infraction, eliminates a crime or infraction, or changes the  
4 penalty for a crime or infraction, within the meaning of Section  
5 17556 of the Government Code, or changes the definition of a  
6 crime within the meaning of Section 6 of Article XIII B of the  
7 California Constitution.

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